

2014-15



## Program Strategy 2014-2015

South Carolina  
**Rural Infrastructure Authority**  
1201 Main Street, Suite 1600  
Columbia, South Carolina 29201



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**Program Strategy**

**Table of Contents**

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Program Objectives.....	3
Eligible Applicants .....	4
Application Guidelines.....	5
Application Deadlines .....	6
Funding Distribution.....	7
▪ Basic Infrastructure.....	7
▪ Economic Infrastructure .....	8
Application Selection Process .....	9

## Program Objectives

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The South Carolina Rural Infrastructure Authority (RIA) was created by the General Assembly to select and assist in financing qualified rural infrastructure projects. Such infrastructure must meet an essential public purpose of providing environmental facilities and services to protect public health and the environment or build the capacity to attract economic and employment opportunities.

RIA is governed under Title 11, Chapter 50 of the South Carolina Code of Laws (Code) by a seven member Board of Directors (Board.) The RIA Board establishes programs and selects qualified rural infrastructure projects for funding.

The RIA Program Strategy reflects the Board's plan for distributing funds and selecting qualified rural infrastructure projects for Fiscal Year (FY) 2015 (July 1, 2014 to June 30, 2015.) It includes a description of the grant programs and funds to be made available as well as the process for distribution. Each grant program category includes a description of the eligible activities, grant amounts, and other information for applicants.

Infrastructure refers to the basic physical facilities and systems required by communities to protect public health and the environment, sustain communities and support economic development. The RIA is focused primarily on public water, wastewater and other public facilities necessary to improve rural communities.

The RIA will offer assistance to local governments and other eligible entities through competitive grants for new or improved infrastructure facilities. This assistance will help rural communities close the gap between needs and resources and build a strong foundation for the future.

The RIA will help rural communities by making strategic investments in infrastructure that are targeted to the following program objectives:

- Increase **community sustainability** by targeting the most distressed areas that lack adequate resources for infrastructure needs;
- Improve the **quality of life** by addressing public health, environmental and regulatory concerns; and
- Create opportunities for **economic impact** by building the infrastructure capacity to support economic development in rural areas.

The RIA seeks to leverage available resources in order to maximize the impact on rural areas. Other federal and state programs may offer financial and/or technical assistance to address similar infrastructure and economic development needs. The RIA will work collaboratively with other partners to coordinate any available assistance and serve as a catalyst for further investment in rural communities.

## Eligible Applicants

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The RIA is authorized to provide grants and assistance to local governments, special purpose and public service districts, or public works commissions for constructing and improving rural infrastructure facilities. Not-for-profit water/sewer companies are not eligible applicants but may be assisted with RIA funds if the local government being served by the project agrees to be the applicant.

A rural infrastructure project must be primarily located in a county designated as distressed or least developed pursuant to the 2009 Jobs Tax Credit Act, which qualifies eligibility for job tax credits based on a SC Department of Revenue (DOR) ranking of all 46 counties. Such designations are currently referred to as Tiers I through IV, with Tiers III and IV being the most rural and distressed counties. Projects may also qualify if they are located in the following areas:

- Counties that are designated by the DOR as Tier III or Tier IV counties, at the time of RIA application submission;
- Projects which serve census tracts that qualify as Tier III or Tier IV, using the same definition identified in the 2009 Jobs Tax Credit Act, if such tracts are located in areas outside of an urbanized area as defined by the US Census Bureau; or
- The service area of a currently approved US Department of Agriculture Rural Development (RD) infrastructure grant or a State Community Development Block Grant (CDBG) infrastructure project.

Counties that are currently eligible include:

Abbeville, Allendale, Bamberg, Barnwell, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Edgefield, Fairfield, Greenwood, Hampton, Horry, Jasper, Lancaster, Laurens, Lee, Marion, Marlboro, McCormick, Orangeburg, Sumter, Union, and Williamsburg

Tools for locating census tracts and making a determination of the eligibility for projects serving non-eligible counties are available on the RIA website at [www.ria.sc.gov](http://www.ria.sc.gov).

RIA funded projects must be located in and directly benefit customers in the eligible distressed areas. If a project service area includes both eligible and ineligible areas, RIA will only assist the portion of the project that serves the eligible area. Applicants will be required to submit maps showing the census tract boundaries as well as the project service area and provide justification of the proposed benefit to the eligible area. The RIA, in its sole discretion, will make a determination whether the project meets the intent of benefitting eligible areas.

# Application Guidelines

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## THRESHOLDS

Generally, applicants may submit only one application per program category. However, a local government may submit an application and also apply on behalf of one or more not-for-profit water/sewer companies. If there is an emergency, defined as an imminent public health or environmental threat that requires immediate action, or if a project requires a timely response to ensure job creation and investment, then additional applications in that program category will be allowed.

The applicant must own, operate and maintain the facilities being improved except that a local government may: (1) apply on behalf of a not-for-profit water/sewer company; or (2) apply for an Economic Infrastructure project. There should not be multiple applications for the same project activity or service area unless it involves a job creation/economic development project.

Once a project has been approved, it should be completed before another application is submitted in the same category unless there is a documented health or environmental emergency or where timely action is required for job creation/economic development projects.

## MATCH/COST SHARING

Applicants are expected to cost-share in project activities. The minimum applicant contribution is as follows:

- Distressed or Least Developed Counties (Tiers III and IV): All planning, engineering, permitting, acquisition, legal or other non-construction related costs are the responsibility of the applicant.
- Other Eligible Areas (in Tier I and Tier II Counties): Applicants must provide 25% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant.

Non-construction and other costs that are the applicant's responsibility include:

- Repairs, operating or maintenance expenses
- Relocation of utilities unless there is an upgrade of the line
- Equipment that is not a permanent part of the system
- Impact fees, connection or service line costs and customer meters
- Acquisition costs
- In-kind labor
- Planning, engineering, or permitting fees
- Legal or administrative fees

Project costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served. For new line extensions, the applicant should have written agreements/commitments from customers to connect to the new line. A commitment rate of 70% is considered appropriate to ensure feasibility of project costs. Contingencies should not exceed 10%. RIA project costs may not be under contract or obligated at the time of application. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions. Projects are expected to be completed within 18 months of grant award.

## Application Deadlines

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Applications for RIA program funds are available upon request by contacting the RIA or may be downloaded from the RIA website. The RIA staff is available to provide technical assistance to help potential applicants determine the eligibility of a project or how to apply for funding. In order to be considered for RIA funding, the chief executive or administrative official for the applicant must submit an acceptable application that meets all program requirements.

Applications consist of project application forms and certifications, as well as a narrative description of the project and justification for the need, impact and amount requested. The application also consists of attachments including funding commitments, a detailed budget, maps and other appropriate documentation.

Applications will be considered on a competitive basis in two funding cycles. Applications must be received no later than 5:00 p.m. on the following dates:

RIA Funding Cycles
<b>Round 1:</b> September 15, 2014
<b>Round 2:</b> March 16, 2015

Funds will not be allocated for each funding round; however, the Board may make a determination to reserve funding for Round 2. Projects submitted but not funded in Round 1 will automatically be considered in Round 2, unless otherwise notified. However, applicants may request technical assistance and will have the opportunity to improve the competitiveness of the project by submitting a revised application for consideration in Round 2.

**An original and four copies of the application must be submitted to RIA.** Postmarked applications or applications submitted electronically will not be accepted. Failure to submit a complete application and the required copies by the deadline could delay consideration of your project or result in a determination that the application is incomplete. Applications must be submitted to:

**SC Rural Infrastructure Authority**  
1201 Main Street, Suite 1600  
Columbia, SC 29201

Applicants may request a modification of any program requirement where there are exceptional circumstances, an urgent and compelling need, or if other significant project funding is at risk and there are no other funding sources available. The RIA may request additional documentation (such as financial statements, audits, etc.) to justify the program modification. Such requests must be submitted in writing by the chief executive/administrative official with the application submission and will be considered on a case- by-case basis. The Board may make modifications to these guidelines when it is considered to be necessary or appropriate to achieve the purposes and intent of the South Carolina Rural Infrastructure Act.

## Funding Available

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The amount of funds to be made available for grant distribution for FY 2015 is \$12 million. Funds are being set aside in the grant program categories as described herein. However, the Board may allocate more or less than the total funding or the amounts for each grant program category depending on application demand and fundability.

Grant Program Category	Amount
Basic Infrastructure	\$ 7,000,000
Economic Infrastructure	\$ 5,000,000
<b>Total Funds Available</b>	<b>\$12,000,000</b>

### BASIC INFRASTRUCTURE

**Purpose:** This program is designed to assist communities in bringing facilities into compliance with environmental quality standards or providing necessary environmental facilities to protect public health concerns, thereby contributing to community sustainability.

**Maximum Grant Amount:** \$350,000

**Eligible Activities:** Upgrades, improvement or extension of water or sewer infrastructure or storm water drainage.

**Priorities:** Applicants must address the severity of the need and provide supporting documentation which quantifies the frequency of the problem and the number of customers impacted. Priority consideration will be given to projects based on a comparative analysis of the documentation in the following relative order:

1. Projects that address US Environmental Protection Agency (EPA) or SC Department of Health and Environmental Control (DHEC) Consent Orders, violations or unsatisfactory ratings related to public health or environmental quality or projects that resolve a public health or environmental concern that has become critical in the past six months.
2. Projects that address other health/environmental concerns not cited by DHEC but supported by other appropriate documentation of the frequency, quantity and severity of the problem.
3. Improvements to existing infrastructure that has reached the end of its useful life or is in severely deteriorating condition but has not resulted in DHEC compliance issues.
4. Projects that will provide fire protection or other system enhancements.

EPA or DHEC violations related to reporting, monitoring, program management or operational issues are not considered a priority.

Projects that require immediate action to resolve a documented emergency may be submitted at any time and will not be subject to comparative analysis in a funding round. Such projects will be evaluated using criteria for need, feasibility and impact, as applicable, and may be funded at any time.

## ECONOMIC INFRASTRUCTURE

**Purpose:** This program is designed to help build local capacity to support economic and employment opportunities through the provision of publically owned infrastructure and facilities.

**Maximum Grant Amount:** \$500,000

**Eligible Activities:** Upgrades, improvement or extension of publically owned water or sewer infrastructure, storm drainage and other public facilities.

**Priorities:** Consideration will be given to projects based on a comparative analysis of the supporting documentation in the following relative order:

1. SC Department of Commerce (Commerce) recommended economic development projects that create impact through committed job creation and private investment.
2. Product development projects for publically owned industrial sites or industrial parks that are currently certified or have a tiered certification.
3. Projects to assist other publically owned properties where there is demonstrated potential to create jobs and private investment.
4. Projects that will improve infrastructure capacity to help existing or new businesses create or retain jobs.

RIA will seek input and recommendation from Commerce to determine the feasibility, potential economic impact and appropriateness of assistance.

Generally, RIA will only consider economic development projects where there is a funding gap for state assistance (i.e., when Commerce assistance exceeds cost per job limits.) Applications for such projects should be submitted to RIA simultaneously with or following approval of any state incentives. A performance agreement that commits to job creation within five years will be required.

Projects that require a timely response to ensure job creation and investment will not be subject to comparative analysis in a funding round. Such projects will be evaluated using the criteria for need, feasibility and impact, as applicable, and may be funded at any time.



## Application Selection Process

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Projects will be reviewed by staff for completeness, eligibility and consistency with the program objectives, priorities and guidelines. Applications that are incomplete or contain significant problems, deficiencies or discrepancies, such that a determination of the eligibility or feasibility of the project cannot be readily determined, will not be presented to the RIA Board as a qualified project. Projects which are locally controversial will not be considered feasible until the controversy is satisfactorily resolved.

RIA may request additional information from the applicant or other sources as necessary to evaluate the application and proposed project. Any clarifications requested must be submitted within the timeframe specified and must be acceptable to RIA. Failure to adequately respond or submit the requested documentation within the requested timeframe may result in the project not being presented to the RIA Board as a qualified project. An on-site review of the proposed project may be conducted as necessary to verify information in the application.

As part of the due diligence review, RIA may seek the expertise of other appropriate Federal or State agencies (such as DHEC, Commerce, EPA, RD, US Army Corps of Engineers, etc.) to determine the appropriateness of the assistance and compliance with federal or state requirements.

Upon completion of all due diligence reviews, qualified projects will be prioritized based on a comparative evaluation of need, impact and feasibility of the project as documented and addressed in the application.

EVALUATION FACTORS
<p><u>Need</u></p> <ul style="list-style-type: none"><li>✓ What is the severity and extent of the problem?</li><li>✓ Is there recent documentation of the problem?</li><li>✓ Does the project address the identified problem?</li><li>✓ Is the project consistent with program priorities?</li><li>✓ Is there a need for timely action?</li></ul> <p><u>Impact and Expected Benefits</u></p> <ul style="list-style-type: none"><li>✓ What are the quantitative and qualitative benefits?</li><li>✓ Will the project result in EPA or DHEC compliance?</li><li>✓ Is there a commitment to achieve the level of benefit proposed?</li><li>✓ Will benefits be achieved in the timeframe provided?</li><li>✓ Will the project have local or regional impact?</li><li>✓ Are benefits long term or short term?</li><li>✓ Does the project build capacity to support economic activity?</li><li>✓ Is there potential to create economic impact?</li></ul>

### Feasibility

- ✓ Is the project consistent with program guidelines?
- ✓ What past efforts have been taken to solve the problem?
- ✓ Will the project resolve the problem or are additional improvements needed?
- ✓ Were alternatives considered and is the most appropriate/cost effective solution proposed?
- ✓ Are cost estimates current and all necessary costs included?
- ✓ Are costs reasonable?
- ✓ What is the level of local effort or contribution?
- ✓ Is there a firm commitment for all necessary funding at time of application?
- ✓ Is the project ready to proceed to construction and can it be completed in 18 months?
- ✓ Does the applicant have the technical, operational and financial capacity to sustain improvements?

Qualified projects will be submitted to the RIA Board for consideration along with priority recommendations for funding. The Board may give additional consideration to qualified projects located in distressed or least developed counties or other projects that will ensure a more equitable geographical distribution of funds. All funding decisions are made by the RIA Board. The Board will be provided information on all applications received and may approve, modify or decline funding approval on any and all applications.

RIA reserves the right to negotiate or require changes in activities or funding amounts. For water and sewer projects, a rate structure analysis or adjustment may be required or recommended as a condition of assistance in order to ensure appropriate levels of funding for operation and maintenance.

All applicants will be notified of the funding decisions. Projects that are not approved for funding may not be carried forward for consideration beyond the current fiscal year.

The RIA Board will generally review applications at its regularly scheduled meetings in accordance with the specifications of each grant program category. However, specially called meetings may be held as needed to address emergency requests or for projects requiring immediate action to ensure job creation.